

A New Angle
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January I&I with Bryce Ward

Justin Angle This is A New Angle, a show about cool people doing awesome things in and around Montana. I'm your host, Justin Angle. This show is supported by First Security Bank, Blackfoot Communications and the University of Montana College of Business.

Hey folks. Welcome back and thanks for tuning in. Today is our January 2022 edition of Incentives and Instincts, a recurring series in which I speak with economist and friend Bryce Ward about some of the broader issues facing our society.

Happy New Year, Bryce.

Bryce Ward Happy New Year to you.

Justin Angle Just nice. Well, it is good to see you. And we're going to try something new to kick off the new year. We're bringing you what might be our first annual. It's definitely our first. We don't know if its annual predictions show. And I think it was Niels Bohr who said prediction is difficult, especially of the future.

So before we get into it, we thought it might be important to do some table setting predictions can be many things. One way to look at them is a best guess of what might happen in the future. And another way to use predictions, however, is to start a conversation. To motivate the question What does it mean if the thing we're predicting were to happen? And beyond that, Bryce, I know you have some thoughts about some of the psychological pitfalls that forecasters fall into and the attributes of a good forecast.

Bryce Ward Yeah, I mean, prediction is is hard. I mean, it's the hardest thing that we do. We don't know the future, you know. Because as an economist, you're always asked, like, what's going to happen to the stock market or whatever it is? And I'm like, I have no idea. If I did, I wouldn't be here. I would be very, very rich. The reality is that I have not trained myself to do this. I usually run the other way when people ask me to do forecasts, but you ask me, so here we are. We'll try and make it work.

Justin Angle OK, so let's start with COVID. You know, we're right at the beginning of the year as we're recording, we are in the middle of the Omicron surge. Kids are back in school. Some kids have gone to remote school. In some urban areas. People are resuming kind of post-holiday life after mixing to some degree over the holidays. Before we get into predictions, how are you kind of thinking about the future of COVID right now?

Bryce Ward Well, I mean, I always just kind of look at who's ahead of us on the curve? And you know where Montana is usually at the end. Right. So we've already seen the European wave we've seen now the East Coast wave. And so I'm just expecting what's happening there to be coming for us.

Justin Angle Here it comes.

Bryce Ward Which means a huge spike in cases, probably a level that we don't even know because I'm guessing a huge proportion of them aren't being reported because the relatively good news is that cases, you know, we seem to be seeing less adverse, you know, on a on a rate basis. So as it as a share of cases, the number of hospitalizations and deaths is down now. A lot of that's because this is we're seeing more positives among vaccinated people, right? And that's what we expect from the vaccines is that they keep you out of the hospital and they keep you from dying and they're still doing that. But you know, we're going to see a spike in that spike will be accompanied by a surge in hospitalizations. How much? I don't know. But, you know, unfortunately, the only way to deal with COVID is either you get it or you get vaccinated

against it. And you know, there's still a large part of a portion of people that are if you want to use the forest fire metaphor, you know, untouched forest. And you know, all of these ways, it just kind of finds its way into a network spreads like wildfire through that network until it kind of ramps down and moves on. And we kind of have a little lull. And then we come back, you know, at some point, hopefully. And I, you know, this is where I think my prediction is going to get to. We'll have either vaccinated or infected almost all of the people and then we should get to the, you know, normal pandemic in phase of, yeah, it'll still be around, you know, we'll still have something that is COVID. We've already said coronaviruses. So but it'll just be one of the many things that get us sick, hopefully.

Justin Angle Yeah. So that's one of the things I think about is like what's on the other side? And I think even thinking other side is is to sort of dichotomous or binary. But at some point we we we're not going to be wearing masks the rest of our lives. We're not going to be flip flopping in and out of remote school, the rest of our life, like we're going to have to kind of come up with a steady state way of living. What do you think? Look, will our kids be out of masks before they get out this summer? Or are they going to stay in them all through this academic year?

Bryce Ward That's an interesting. You know, I mean, so definitely next academic year, I think, will be without a scary variant, I think by the end of summer. Basically, all NPIs are gone.

Justin Angle Define NPIs for the listeners.

Bryce Ward So it's a non-pharmaceutical intervention, right? You know, two things beyond that. One is the thing I just talked about, which is either you're going to be vaccinated or you're going to have it. We're going to have reached that threshold of the population that we're going to have that kind of population level immunity. But the second thing is is that if even if you don't get vaccinated, we are getting pharmaceutical interventions. That's right. That's right. You know, we have new Pfizer drug in particular. Unfortunately, we're a little bit early, you

know, I mean, I think we just the Biden administration just announced that they actually pushed up the big flood of those doses into June. It was supposed to be October. They kind of solved one of the distributional problems, you know, so we're going to four million doses by the end of this month, but we're going to have like I can't remember, but tens of millions by June, which means that even now, even if you're not vaccinated, you haven't had it. We will have treatments that will reduce some of the adverse effects. So, you know, that really does mean that we can stop quarantine and isolation and masking and do a lot of that kind of stuff that's, you know, been a burden on a lot of us. And, you know, on on society and what kind of move past that.

Now the question is, what's when's the tipping point of that happen? You know, I think we're starting to see the beginning of the current wave here. It appears to take about two months to get through it. So that would mean at the earliest. We're talking about spring break, probably for us to be kind of through the wave. And then I don't, you know, it depends on exactly how it leapfrogs across the country. You know, I mean, the advantage the bright side of Omicron is that it it does appear to be affecting a lot of people, which means that instead of just kind of you're running out of body doing this three waves a year kind of thing, maybe we'll only have one wave this year or one and a half waves.

Justin Angle Let's talk about testing. I mean, that's kind of been a super salient issue over the holidays. I think people were trying to, you know, Omicron was spiking. People trying to get tests. Couldn't find them. I mean, are we going to invest in testing and build up infrastructure when it's kind of too late? We're going to miss the way ever should we just forget it? What do you think with testing?

Bryce Ward I think we've always been a step behind in testing, so I think I think you could do the even if it's wasteful, it's better to have it. And we don't want to be in the situation where we've been for basically the last, well, the last two years of not having sufficient testing capacity to make testing something effective for anybody other than athletes and entertainers.

Yeah, right. Yeah. You know, they're the ones who are getting tested all the time. Mm hmm. You know, and maybe some political people, you know, maybe there's some businesses that are doing it. But for the most part, I have a small stockpile of tests. I'm not using them every time. I think, Oh man, we should test, right? It's like, Oh, I know that I'm not going to be able to get, you know, I have this many tests and it's a rationing thing. Yeah, that does not lead to the good outcome that testing could lead to.

Justin Angle Right, right. I guess I'll close out our COVID segment with a hopeful prediction, and I hope that we reexamine the notion of going to work when sick as being a sign of toughness that going to school and sick is being a sign of toughness. There are certain situations you have to endure in life, but when those endurance actions have implications for other people's well-being, I think we need to rethink those. So maybe companies, organizations, schools will start to reevaluate their sort of norms around those behaviors.

Bryce Ward And a simple thing that we can all do to help prompt that evaluation is if you are in fact sick. Yeah, wear a mask. Right, right? Remind people. Let people know that, yeah, you're here, but you're here under circumstances. And if we all saw, wow, there's a bunch of people wearing masks right now, you know, maybe we should. It's happening. Maybe we shouldn't have these people wandering around wearing their masks. You know, and look, the public health people have been on this boat for a long time. You know, I remember as a kid like, Oh, perfect attendance. Of course, you went to school when you were sick. And then at some point when I probably had small children and I would drop my kids off at daycare and see like snotty nose on the other side of the coughs. And I would be like, What are we doing? And then I go to the office and be like, What are we doing? Why are I see people? You're sick? Like, Why are you here? And some of this is just having sick leave policy. That actually is viable. This is the hopeful part of, you know, more. One of the hopeful parts of the pandemic is hopefully that we have many of us haven't been sick for two years. And it's like, huh? That's kind of nice. Pretty good. I certainly, you know, I think the average person gets like six to eight colds a year and each one lasts seven to 10 days.

Justin Angle That adds up. That's a lot of time.

Bryce Ward That's a lot of time. As anybody with preschool aged kids knows. You basically just expect October to march. Somebody is sick, right? And you know, if we could shrink that even by a quarter or a half, I mean, that's a huge win.

Justin Angle OK, let's pivot to the economy. You know, we just saw some data came out of record quits in the month of December. I think it was, you know, we were all this talk about inflation. Is it real? Is it transitory? Wage inflation? Supply chain disruption. Labor force participation, I think, is one that you've been talking about in this series a lot. How are you kind of broadly thinking about the economy? And maybe you can pin you down on some predictions for the year?

Bryce Ward I think that the economy is still going to be pretty messy for most of the year. To me, the biggest thing is labor force participation.

Justin Angle So it's down, it's down, historically down.

Bryce Ward Yeah. So what I mean is, yes, relative to prior to the pandemic in Montana and nationally, we're missing, about a percent of the population seems small at a percent of that's significant. But I mean, you're talking about in Montana, that's tens of thousands of people missing from the labor force. And actually, that's millions of people missing from the labor force.

Justin Angle You know, do we know where that one percent is distributed?

Bryce Ward We do. The concerning one is it's disproportionately concentrated among people that are over age 55. Mm-Hmm. So the concern is that that's, you know, you know, among the

prime age people, you know, kind of 25 to 55, there's a little bit that's still kind of COVID related and a little bit of it's like, you know, we're flush with cash from I have got a spouse that works and we still have some hold overs from stimulus payments or whatever. That'll kind of take itself. Yeah, I mean,

Justin Angle That should be fading those effects.

Bryce Ward But to the extent that people have basically said, Well, I'm retired.

Justin Angle Now, yeah, pulling future forward with asset.

Bryce Ward Prices, asset prices and all that kind of stuff, you know, I expect it will come. People will come back because usually there's reason, you know, people retire and come back to work all the time. Will we suffer kind of a persistent. Half or a third of a percentage point loss, if we do that, that's a real issue. So that's, you know, that's the first thing that I've been tracking are we are we back to the labor force participation rate that we saw before? The second thing you know is this kind of people are calling it the great resignation. It's really the great reshuffling. Yeah, because better quits are up, but so is higher. And it's really interesting. Paper work can be working out just this week. They've basically found that there's about 10 percent of workers who are in a job simply because they don't know that there's a better job available. Hmm. Right. And you know, one of the things that we think maybe the pandemic has done and why we're seeing the great reshuffling is it's so prevalent now that there's opportunity out there that a lot of people in these jobs that used to be like, I mean, there's just nothing better are jumping to a better job. And you know, and the scary thing that this paper kind of found was that, you know, it's more than 10 percent you didn't know those jobs or is that 10 percent of jobs are unviable if people move. Right, they don't pay a high enough wage, OK, to be able to —

Justin Angle You can't refill them, essentially.

Bryce Ward Yeah. You know, there's there's an—

Justin Angle The employer's gotten away with a good deal for too long.

Bryce Ward For a long time. And that's why if we look at inflation adjusted wages, it's actually at the bottom. People in the bottom quartile have seen wages rise faster than inflation since the start of the pandemic.

Justin Angle Yeah, I mean, we see that in food service, right? Like McDonald's hiring at seventeen dollars an hour. I mean, this is this is revolutionary in that category of jobs.

Bryce Ward And at least as of November, it was still true that in the bottom quartile, even though inflation is now at six percent or something like that, their wage increases are still in cumulatively higher than inflation in the next quartile. They're right about inflation and above. The median inflation is a problem because it's outstripping your wage increase, although some of that may be people accepting lower wages in exchange for flexibility and work from home. They've kind of discovered a there's better opportunity out there. And B, there's not enough workers, right? You know, and we're at the tail end. Where where do we feel the loss of the people? It's at the bottom of the ladder? Right? So that's where they have more power, and that's where they're seeing the great reshuffling really taking place. As you move up the ladder. You know, the issue really is the work from home, you know, and how are people renegotiating right?

Justin Angle What relationship do they want to have with work and on what terms? And they're going to go to the employer that.

Bryce Ward Will provide that. And people, you know, their survey came out again this week. Are you, you know, which basically asked people, What are you willing to pay for two to three

days at home? I think the median among people who are more likely to be doing this is like eight percent. But it varies depending on industry and all these kinds of things. And you know, and but there's a third that it's negative, right? You want to go back. I want to be at work, right? You know, or zero, you know, I'm basically neutral on that. I don't care one way or the other. So if you're coming to me saying, Hey, we're going to cut your wages because people are working from home, you know, there's a there's a margin of people that are going to be like, Well, I'm going to look for a different job, one that it's not going to cut my pay because of people running, you know, so there's going to be a, you know, a reshuffling as people find matches in terms of well as firms figure out the value, like how much do I actually need people to work from home for me to succeed as a firm or to, you know, to work in the office for me to succeed as a firm or, you know, or how much better can I be because I'm tapping into this larger area. There's a whole shuffling of that's going to happen there. And that's the interesting thing at that in the work from home side of the labor market. So there's two very interesting stories coming out of 2022 that we'll get some resolution on, but it's unclear how much.

Justin Angle Yeah, I predict a lot of dissertations will be written about this period of time. That's a that's a really bold prediction.

Bryce Ward Yes. Well, you know, there's a lot of mean given the rate at which we create Ph.D. students, you know, they've got to write about something. And so like, well, hey, look, there's a lot of—

Justin Angle Yeah, they're living through it.

We'll be back to my conversation with Bryce Ward after this short break.

Welcome back to A New Angle. I'm speaking with Bryce Ward about what lies ahead in 2022.

In our remaining time, let's try to hit a couple other areas. I think a lot about higher education, higher education in some ways. You know, we can paint a an optimistic picture in the sense that pandemic has forced institutions to move and innovate quickly. We've seen some of that. We've lived through it and we've changed our relationship to the student experience. And I think that in many ways can be positive. How are you thinking about, you know, we've talked about higher education trends. How are you thinking about the future of higher education? And what are what are the signals that you're looking at in the next year?

Bryce Ward So short run predictions in higher ed, I mean, obviously the first one is just goes back to the cold prediction, which is that higher ED is going to get back to normal. Okay. I, you know, unfortunately, I feel like it's overreacting to Omicron. You know, they were on the COVID bandwagon early in March 2020, and that was probably the appropriate thing to do then. But particularly at these universities, where it's ninety nine percent of people are vaccinated, we know that. I mean, I actually think we had zero people that were in their 20s die from COVID recently and a day first time. There's not the risk in this population. And the question we have to keep asking is who are we asking to bear the price in order to benefit? Who are that? Which of the other people? And we have put a huge amount of the burden on kids.

Justin Angle And their futures. It has an enduring effect.

Bryce Ward And it has a terrible effect, online learning it does not work as well as in-person learning. So to the extent that you push people online, you are taking away, you know, fact, I just saw a bunch of people posting that, you know, one of my friends on Twitter, who is a professor basically is like, did anybody else have this experience that they had to completely rejigger their upper division class because the kids didn't come in with the prerequisite knowledge that I assumed? And you just got a ton of, yep, yep, yep, totally had to redo it. And you know, that's the learning that's real learning loss, right? And we know that employers pay for learning. Right?

You know, this notion that college is a waste or doesn't do anything. We have very solid studies that show what you learn in college matters in terms of, you know, what people are willing to pay you long term. And so, you know, this is a real problem. We need to get back to normal social college. Right? Yeah, I guess we have to be aware of the cost of that socially, but hopefully by at least by the fall, we will be back to where we can promise kids something that is, you know, maybe improve. We've learned the good stuff, but we've also learned what we gave up and how important a lot of that stuff was. We can't just take it for granted. We have to do it. So in terms of, you know, what am I predicting for college? It's a return to normalcy and college is still valuable.

Justin Angle Absolutely.

Bryce Ward People are still going to come and at least in the short run, I think we should expect that people will show up.

Justin Angle Yeah, I'm going to shift gears a little bit on my higher ED prediction. I've been thinking a lot about collegiate athletics kind of see declining power and significance of the NCAA. And now we have this rise of athletes, student athletes ability to make money through various channels. One channel that's actually happening already has this name, image and likeness. So I guess my prediction is these forces coalesce to sort of diminish the prominence of athletics in the brand, building ability of an institution. We'll see. But I just feel like these forces kind of dilute the ability of higher education institutions to build their brand around football and basketball.

Bryce Ward That's interesting. You know, you had J.K. Simmons on. That's right. And you talked about this and one of the things that he brought up, which was, I thought, insightful, which is that college sports predated professional sports.

Justin Angle That's where it started, yeah.

Bryce Ward And I mean, look, there's this notion that college sports are, you know, and there's this whole entertainment thing and there's, you know, look, you get a come on and play. Something is great. But from a college's perspective, the reason why sports are important, in my opinion. Is there a way of centering your college identity, right? It's why Montana wants to beat Montana State is because that's the week that everybody in those communities is paying attention. And now if we win, we recenter the identity of UM, and now we get people to volunteer and to donate and, you know, to be more engaged in because, you know, the way I actually think of universities is, yeah, there's the university that's happening right now. But good universities are communities, right? They're long term communities. That's why you get alumni running around with sweatshirts and they talk about that's where they went to school. It's part of who they are. It definitely is going to, you know, these are foundational changes. If you go back and say, Well, why is it that colleges have these sports in the first place? And what does it do for the community? I. They'll think there's value in it, and I think we'll figure out a way to have that value and continue to have, you know, some form of college athletics, even though it may be different than what we have today.

Justin Angle The pundits speak right now is Democrats are going to get crushed in the midterms. Historically, we know that the our party tends to perform well in the midterms, particularly the first midterm elections after a presidential election for, you know, a new president that is not a non-incumbent reelection. So what do we think Democrats are going to get creamed or where do you think this thing shakes out?

Bryce Ward Well, if we want to put some numbers on the predictions, right, so I actually look this up. So as of right now, the prediction markets and the bettors roughly put the Democrats chances of keeping both the House and Senate at one in eight. Hmm. And the Republicans gaining control of both at roughly two in three. OK. So and then you know, the difference between, you know, the remaining 20, some percent is some combination of some split. And as of right now, those don't strike me as horribly inaccurate predictions. I think the big thing is, you

know, right now is what's going to happen with inflation. If inflation comes down and the pandemic is under control and people are feeling good again, then obviously the Democrats have a better message to sell. You know, go back to last July, when we were, 'yay, the pandemic is over!'

Justin Angle It is an optimistic time. Joe Biden was Franklin Roosevelt back then.

Bryce Ward The Economic Misery Index, which is the some of the inflation rate and the unemployment rate is elevated and the unemployment rate is rock bottom.

Justin Angle That's a great term for a metric; the misery misery index.

Bryce Ward Right? You know what I just saw today that the Oregon Office of Economic Analysis put out was the Business Misery Index, right, which is the one I think it's quits or job turnover and something else. But—.

Justin Angle It really is the dismal science.

Bryce Ward And both of those are, you know, it's elevated just like the Consumer Misery Index is. And so if we can see some, you know, positive movement on the misery index, these indices by the summertime, then OK, great. Now you've got a story to tell, right? We've passed the stuff. This is what you are said to do. Look, this is what we still want to do. But if people are miserable, then yeah, the Democrats can get creamed.

Justin Angle OK. We're going to close out this episode with you and two things that I want from each of us. One is, you know, is there a trend out there that's kind of keeping you up at night? And then, you know, a recommendation for for folks to kick off the year with some some way to enrich themselves. So Bryce, is there a trend that's kind of keeping you up at night?

Bryce Ward I mean, the trend that's kept me up at night for many years is all this kind of related stuff about effective polarization and what it's doing to, you know, the hardening of identity around politics. That's the trend that keeps me up at night. Yeah. And I am hopeful that this year is a turning point in allowing us to reevaluate some of that. And hopefully we can, you know, arrest some of that momentum.

Justin Angle Let's hope so. A trend that is kind of keeping me up at night to some degree. I mean, it's not really keep me up, you know, but but you know, I think about it a lot. I saw the statistic the other day 60 percent of undergraduate college students are now female and one sense that's a wonderful thing the advancement of women in the economy and higher education job market. It's wonderful. But we actually need it to be around 50-50. What is happening in higher education where men are turning away from it? We don't really know yet. There's some speculation, but for some combination of reasons, higher ED is leaving a lot of our young men behind. And all of the stuff we've talked about on this series and the stuff I've looked at about future of work suggests that the jobs, the good jobs of tomorrow are jobs that are going to need more education, not less.

Bryce Ward Well, particularly, you know, the question is, look, if it's if men are better off not going to college than fine, then we'd have to worry about it. Yeah, but if it's men are being turned off to college by something that we're doing at college, even though it's still extremely valuable, right then it's a problem and we should address it. And just because it's men should not make us afraid to talk about it. There's a lot of men who are at the margins who would probably be better off as a marginal college student than as a marginal non-college student. And if there is something that we are doing to turn men off to college, we need to understand what that is and we need to rectify it because all we're doing is pushing them onto a path of less opportunity. And that's never a good thing.

Justin Angle Yeah. Well, put. OK. What's your recommendation?

Bryce Ward My recommendation, given that we are focused primarily on a bunch of Montana people, is for people to connect with Montana sources of media entertainment enrichment. So I'm on the advisory board at the Mansfield Center. Check out the Mansfield Center programming. You know, we look to we're planning a bunch of stuff for the coming year.

Justin Angle Mansfield brings an amazing guest.

Bryce Ward The podcast on Montanans Public Radio are outstanding. We have a bunch of nonprofit media in Montana, Free Press. There's a lot of people who are trying to help you understand your state better, seek them out.

Justin Angle Awesome. Well, my recommendation is similar in its spirit. For years, I've sort of dipped in and out of Tyler Cowan's work. He's an economist at George Mason University. He's got a podcast conversations with Tyler. I think it's excellent. And over the holidays, I listened to an episode he did back in September with an Oxford philosopher named Amir Sreenivasan, and she or Tyler described her as a utopian feminist, and she did not necessarily bump at that description. But I highly recommend this episode not necessarily because of the content, but because these two people, it seemed like they fundamentally view the nature of the world and nature of people differently.

And they came at each other at the level of the ideas and often had trouble sort of settling on the framing of questions and the assumptions embedded within those questions. And they engaged fiercely, but in a way that was respectful. And I think both of them ended up learning. And as a result, and really smart people, when they learn in a conversation, you can't help but learn yourself. And it just sort of reiterated my passion not only for this project, but for trying to promote productive discourse. And that's not just to the media you listen to, but do it in your own life, engage in ideas with people and try to learn from other people and their perspectives and experiences. So as we close Bryce, this was fun. Thank you and happy 2022. I do hope that these predictions were fun to do, and maybe some of them were useful. We'll see.

Bryce Ward Yeah, we'll see.

Justin Angle Thanks for listening to A New Angle. We really appreciate it. And we're coming to you from Studio 49, a generous gift from University of Montana alums Michelle and Loren Hansen. A New Angle is presented by first security bank Blackfoot Communications and the University of Montana College of Business, with additional support from consolidated electrical distributors, Drum Coffee and Montana Public Radio.

Aj Williams is our producer. VTO, Jeff Amment and John Wicks made our music. Editing by Nick Mott and Jeff Meese is our master of all things sound. Thanks a lot. See you next time.